

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Canadian pulse growers are discovering potential of Indian market, *Food inflation soars to 18.32 percent*, *Carrefour enters India through Delhi*, *Government stumped as food inflation hits 14.4 percent*, *Government plans reduction on skimmed milk powder duty to control price inflation*, *Food Subsidy Bill may rise to Rs.810 billion*, *Egg prices to increase with rising demand*, *JSW group ventures into agri business*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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CANADIAN PULSE GROWERS ARE DISCOVERING POTENTIAL OF INDIAN MARKET

The Executive Director of Saskatchewan Pulse Growers (SPG) Dr. Garth Patterson while visiting Mumbai said that India and Canada are natural partners. As the world's largest consumer and importer of pulses, India is Canada's largest pulse buyer, with a significant volume coming from Saskatchewan. Talking about the long term plans, Dr. Patterson said that the SPG goal is to expand pulse exports to seven million tons by 2025. SPG will promote nutritional benefits of peas and lentils, and are keen to support research on utilization in India. Dr Patterson said that the uncertainty in the phyto-sanitary issues need to be sorted out quickly to ensure uninterrupted trade flow. (Source: [Hindu Business Line](#), 1/1/2011)

FOOD INFLATION SOARS TO 18.32 PERCENT

India's Food inflation shot up to 18.32 percent for the week ending on December 25 from 14.44% prevailed in previous week. The drastic and sudden jump in food inflation is attributed to skyrocketing prices of milk and vegetables including onions, tomato, garlic in the recent weeks.

According to the data released by the Ministry of Commerce and Industry, an increase of over 82 percent in onion prices and 58.85 in vegetable year-on-year led to the overall increase in food inflation. The other items that contributed to food inflation are egg, meat and fish (20.83%), fruits (19.99%) and milk (19.59%). The high food inflation has put pressure on the government to intervene. (Source: [Financial Express](#), 1/7/2011)

CARREFOUR ENTERS INDIA THROUGH DELHI

The French retail group Carrefour has chosen a not-so-upmarket locality in east Delhi as its entry point to the vast Indian wholesale retail market. On Thursday December 23, Carrefour announced the opening of the first cash-and-carry outlet in Sahadara, which will function under the brand name Carrefour Wholesale Cash & Carry. The outlet will be spread over an area of 56,000 square feet having food and non-food sections and cater to professional businesses, institutions, restaurants and local retailers. India continues to be among the most attractive destinations for global retailers. However, government regulations only allow foreign retailers in the wholesale segment and prohibits any investment in the multi-brand retail. (Source: [Times of India](#), 12/31/2010)

GOVERNMENT STUMPED AS FOOD INFLATION HITS 14.4 PERCENT

The Cabinet Committee on Prices (CCP), an inter-ministerial panel, met on Thursday to review runaway prices of essential commodities as food inflation rose to 14.44 percent from 12.13 the

previous week, but experts said there is only so much the government can do to rein in prices.

Latest price data released on Thursday showed that vegetable prices were higher by 30 percent, eggs, meat and fish by 20 percent and milk by 17 percent, while prices of staples, such as wheat and rice, were falling. Prime Minister Manmohan Singh, who chaired the CCP meeting, was briefed by agriculture minister Sharad Pawar on production trends, availability and price movements of fruits, vegetables, meat, fish and eggs. He was also given a lowdown on current stocks of pulses and sugar. (Source: [Hindustan Times](#), 12/31/2010)

GOVERNMENT PLANS REDUCTION ON SKIMMED MILK POWDER DUTY TO CONTROL INFLATION

The government plans to import skimmed milk powder and butter oil at concessional duties to help control rising prices of dairy products. Milk prices in December were higher by 17.75 percent from a year ago, after having risen more than 20 percent the year before. Skimmed milk powder attracts 60 percent import duty. India, the world's biggest milk producer, had allowed import of up to 30,000 tons of skimmed milk powder last year at 5 percent customs duty. It had also permitted duty-free import of 15,000 tons of anhydrous butter oil. Imports of the product normally attract 30 percent duty. The government has asked the National Dairy Development Board (NDDB) for a report on the situation. The proposal will be taken up by a committee of secretaries for a final decision after NDDB gives its inputs. Most of the dairy cooperatives build their quota of milk powder in winter, when supply of milk is good. With procurement prices going up, prices in summer, the lean season, could further rise and the government wants to prevent such a situation. (Source: [Economic Times](#), 01/03/2011)

FOOD SUBSIDY BILL MAY RISE TO RS 810 BILLION

Government's food subsidy bill is expected to grow to around Rs 810 billion in the current financial year, up from the Budget estimate of around Rs 680 billion for 2010-11 because of higher cost of procurement of wheat and rice and increased allocations to below poverty line and above poverty line families in the current financial year. The 19 percent estimated increase in food subsidy also includes carry over from 2009-10. The difference between economic cost of food grain and their issue prices under targeted public distribution scheme (TPDS) and other welfare schemes is provided by the government as food subsidy. In 2009-10, government provided Rs 582.4 billion in food subsidies. An additional Rs 408 billion has been provided through November 2010 as food subsidy. The central issue price (CIP) of food grain has been kept unchanged since 2002, while the economic cost which includes, procurement price along with transportation and storage charges have risen consistently. (Source: [Financial Express](#), 01/07/2011)

EGG PRICES TO INCREASE WITH RISING DEMAND

Egg prices spiked to a record Rs 2.91 a piece on Wednesday (surpassing the Rs 2.90 25 year record high reached on Nov 8, 2010). The price increase is attributed to a confluence of factors – including intense cold weather in the North on the back of continuous rains, drop in production and rising input costs. Egg prices are unlikely to come down as the poultry feed prices have surged 30-50 percent in the past two years. The cost of production of an egg works out to Rs 2.35 and farmers get somewhere around Rs 2.46. On the export front, the Indian egg industry is setting its sights on neighboring Sri Lanka. (Source: [Hindu Business Line](#), 01/06/11)

JSW GROUP VENTURES INTO AGRI BUSINESS

The Steel and power JSW Group is entering the agri business sector joining other diversified business houses which have been active over the last few years. The \$5-billion JSW, led by Sajjan Jindal, will float a new company, JSW Green, to sell branded fruit and vegetables. The segment has

attracted large Indian companies like Mahindra Shubhabh, Adani Agri-Fresh and Bharti's FieldFresh Foods. Yet, it represents only 4% of the total food processing industry, a figure that could multiply with business groups with deep pockets like JSW, Tata and ITC getting into it. It plans to add pomegranates, cashew and tomatoes, among other fresh produce, to its portfolio and export them to the Middle-East and Europe in the coming years. (Source: [Economic Times](#), 1/1/2011)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1115	Weekly Hot Bites, #47	12/30/2010
IN1101	Cotton Update - January	1/7/2011
IN1102	Draft Notification of Import of Tulipwood from the United States	1/7/2011

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